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SUBJECT: SLOVENIA'S PARLIAMENTARY ELECTION UP FOR GRABS

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¶1. (SBU) SUMMARY: Conventional wisdom holds that incumbent PM Janez Jansa's Slovene Democratic Party (SDS) will win a plurality of votes on September 21, despite being dogged by scandal. However, most observers also expect the combined weight of the Left opposition parties to be greater than that of SDS and its allies. Thus the real excitement will begin the day after elections, when the two largest parties on the Left and Right -- Borut Pahor's Social Democrats and Jansa's SDS -- start trying to woo coalition partners.

The recent start-up party Zares ("For Truth") will likely place third and thus may play the role of kingmaker.

¶2. (SBU) Ideology plays a relatively minor role in these elections; personality is far more important than politics in a country where there are probably no more than three degrees of separation between any randomly-selected pair of citizens. In terms of size, Slovenia's population resembles West Virginia or New Mexico, but the population is far more homogeneous, making the elections here more akin to those of a large county in the U.S. Inflation, taxes and economic crime - "the fight against tycoons" -- seem to be the major issues. The latter is a popular theme, with every political party wanting to prosecute the other parties' tycoons. Septel will deal with foreign policy issues and the possible impact of the elections on U.S. interests. END SUMMARY.

¶3. (U) Following is a snapshot of the party landscape. The complete candidate list includes 17 parties or groups, but we address only the 9 parties likely to gain enough votes to get into parliament.

SLOVENE DEMOCRATIC PARTY

¶4. (SBU) The Slovene Democratic Party (SDS) leads the governing coalition after getting 29 percent of the vote in the 2004 elections. The other coalition parties are New Slovenia (NSi), Slovene People's Party (SLS), and Democratic Party of Pensioners of Slovenia (DeSUS). SDS is leading in the polls, but the big question is whether its traditional partners will gain enough seats to allow SDS to form a coalition. But the main question after this election will be who is capable of forming a coalition.

¶5. (SBU) Snapshot of SDS

KEY MEMBERS:

-- Janez Jansa, the president of the party and the PM;

-- Milan Zver, Minister of Education and Sport and de facto deputy party leader;

-- France Cukjati, President of the National Assembly;

-- Branko Grims, President of the SDS Council.

CONSTITUENCIES: Supporters of SDS are mainly higher and middle educated people from towns and rural areas. Janez Jansa, with his strong personality and determination, is the main attraction for SDS supporters. Key support comes from areas south of Ljubljana: Grosuplje (Jansa's hometown), Ribnica, and Kocevje.

POSITION ON KEY ISSUES:

ECONOMIC CRIME - Jansa launched the "fight against tycoons." SDS says it wants to change corporate takeover regulations in order to prevent non-transparent management buyouts.

INFLATION - SDS plays down the high rate of inflation (at 6.7 percent the highest in the Euro zone), blaming it on global increases in energy and food prices. It predicts that inflation will go down in the next couple of months.

TAXES - SDS began tax reforms in 2005 and has announced its intentions to continue by decreasing individual and business tax burdens. One notable achievement of the reforms is the gradual reduction of the payroll tax, the tax that an employer is required to pay for each employee which will be completely eliminated by January 2009, in order to decrease the price of labor in Slovenia.

POSSIBLE COALITIONS - SDS says it would offer cooperation to all parliamentarian parties if it gets the mandate for forming the new government, just as they did in 2004. The most likely coalition is with current allies (NSi, SLS, and DeSUS), but a coalition with LDS or Zares is also possible.

SOCIAL DEMOCRATS

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¶6. (U) SD was a member of ruling coalition from 1992 to 1996. In January 1996, it left the coalition in a dispute over the government's positions on pensioners and social policy. SD got 10 percent of the 2004 vote and became part of the opposition. In January 2007, after the collapse of the government-created party Liberal Democratic Party of Slovenia (LDS), four prominent members of LDS moved to SD, which thus became the strongest opposition party.

¶7. (SBU) Snapshot of SD

KEY MEMBERS:

-- Borut Pahor, the president of the party and MEP;
-- Miran Potrc, the Head of the SD Deputy Group in the Parliament;
-- Dr. Igor Luksic, the vice president of the Party;
-- Milan M. Cvirk, member of the Parliament and former head of the Parliamentarian Commission of Inquiry for Patria armored vehicles deal.

CONSTITUENCIES: Supporters of SD are left-leaning and have a generally positive view of Yugoslav socialism. One of their historical touchstones remains "the defeat of fascism. Its strongest voter support comes from regions that were occupied by the Italians during WWII (the Primorska region). An important magnet for the voters is SD party president Borut Pahor, whose somewhat lackluster motto is "the policy of compromise."

POSITION ON KEY ISSUES:

ECONOMIC CRIME - SD supports prosecution of economic crime and thus the so-called tycoons. It blames non-transparent management buyouts under the current government for the creation of said tycoons.

INFLATION - SD criticizes government fiscal policy, claiming spending is too high.

TAXES - SD supports the further decrease of tax payers' burden, but would also change the tax scale in order to increase taxes on the richest people and abolish taxes for the poorest.

POSSIBLE COALITIONS - SD has publicly said several times that it will not go into a grand coalition with SDS, and has made a gentleman's agreement to form a coalition with LDS and Zares, which are considered its natural allies. However, most Slovenians do not entirely rule out the possibility of a grand coalition.

ZARES - THE NEW POLITICS

¶8. (SBU) Former members of LDS, the leading party during Slovenia's first 15 years of independence, established Zares in October 2007. The party says it wants to create a new political platform promoting anodyne values such as openness, responsiveness, persistence, patience, and self discipline. In polling, Zares places a distant third behind SDS and SD, with between 9 and 12 percent of the vote. It could, however, hold the balance of power in the next parliament.

¶9. (SBU) Snapshot of Zares

KEY MEMBERS:

- Gregor Golobic, the president of the party;
- Dr. Matej Lahovnik, the Head of the Zares Deputy Group in the Parliament;

CONSTITUENCIES: Supporters of Zares are not yet known since this will be the first election for the new party. Since the party leans Left, it will most likely steal votes from SD and LDS.

POSSIBLE COALITIONS - Zares is not excluding any possibility regarding post-election coalitions, but its most natural allies on the Left would be LDS and SD.

AND THE REST . . .

¶10. (U) Six other parties could win the necessary four percent to cross the threshold into parliament. The Liberal Democrats of Slovenia (LDS) became the leading opposition party after being defeated by SDS in 2004. Prior to 2004, LDS ruled Slovenia for 12

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years. In early 2007, the majority of its deputies left the party (12 out of 23 total) for other parties; four of them joined SD, seven established Zares, and one became an independent deputy. In June 2007 the Party elected new leadership and began a rebuilding process.

¶11. (SBU) Snapshot of LDS

KEY MEMBERS:

- Katarina Kresal, the president of the party;
- Jelko Kacin, member of European Parliament.

CONSTITUENCIES: The number of LDS supporters has decreased significantly since the last election. Supporters are highly educated voters, entrepreneurs and managers of some successful companies in Slovenia.

POSSIBLE COALITIONS - LDS does not exclude forming a coalition with any party in principle, but has a gentleman's agreement with SD and Zares, which are considered natural allies

¶12. (SBU) New Slovenia (NSi) is a member of the ruling coalition and close to SDS. It is a right-oriented party with a strong Christian component and support of the Catholic Church; it is the Slovenian equivalent of the traditional European Christian Democratic party. In 2004, NSi got 9 percent of voters' support. Although it is not performing well in polls, NSi's voters are likely to show up at the voting booth in enough numbers to allow NSi to cross the 4 percent threshold.

¶13. (SBU) Snapshot of NSi

KEY MEMBERS:

- Andrej Bajuk, president of the party and the Minister of Finance;
- Lojze Peterle, one-time presidential candidate(?), president of the Council of NSi and MEP;

CONSTITUENCIES: NSi has a strong support among practicing Catholics --the Catholic Church openly supports NSi -- and thus more support in rural areas of Slovenia.

POSSIBLE COALITIONS - NSi is close to SDS and SLS, but would probably go into a coalition with left of center parties as well.

¶14. (U) The Slovene People's Party (SLS) originates in the Farmers Union that was first renamed into the Slovene Farmers Union and later the Slovene People's Party. It received 6.8 percent of the vote in the 2004 elections and has joined forces with the Slovene Youth Party (SMS) in a fight to make it over the threshold this time.

¶15. (SBU) Snapshot of SLS

KEY MEMBERS:

- Bojan Srot, the new president of the party and the Mayor of Celje;
- Janez Podobnik, Minister of Environment and Spatial Planning;
- Radovan Zerjav, Minister of Transport.

CONSTITUENCIES: Supporters of SLS are mainly people with secondary education from rural parts of Slovenia who also support the Catholic Church. SLS has a strong base of voters in farmers, but with its new president and a joint list with SMS, it also counts on some voters among younger generation.

POSSIBLE COALITIONS - SLS's priority appears to be getting into government regardless of which parties are in power, so it could cooperate with any parties that enter parliament.

¶16. (U) The Democratic Party of Pensioners of Slovenia (DeSUS) was established in the early nineties. In 2004 they barely crossed the threshold with 4.04 percent of voters' support and joined the ruling coalition. As a "pensioners' party," DeSUS is considered more center-left and is often critical of PM Jansa's government.

¶17. (SBU) Snapshot of DeSUS

KEY MEMBERS:

- Karel Erjavec, president of the party and the Minister of Defense;
- Franc Znidarsic, head of the deputy group in the Parliament.

CONSTITUENCIES: Supporters of DeSUS are mainly middle class

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pensioners.

POSSIBLE COALITIONS - DeSUS is an interest-based party and thus willing to join any government coalition that is not in conflict with its general principles- social protection for pensioners and the poor.

¶18. (SBU) The Slovene National Party (SNS) is a barely-defined party that has been surprisingly successful in all parliamentarian election since independence. Until now it has always been in opposition. In 2004, SNS received 6.27 percent of voters' support. Their vote is often difficult to predict because supporters are sometimes reluctant to associate themselves publicly with the party's nationalist platform. They are a party to watch, and perhaps to watch out for.

¶19. (SBU) Candidate List Snapshot of SNS

KEY MEMBERS:

- Zmago Jelincic, president of the party and head of the Deputy Group in the Parliament;

CONSTITUENCIES: Supporters of SNS are younger people, nationalists and disaffected supporters of the larger parties.

POSSIBLE COALITIONS - SNS is traditionally an opposition party and most likely will stay in the opposition after this election, though SDS has said that it would consider a coalition with SNS.

¶20. (U) Three former members of SNS who decided to leave Jelincic's SNS established Lipa on March 1, 2008. Lipa claims to strive for the rule of law, democratic society, protection of environment, and equal opportunities for all citizens. It is unlikely to gain enough votes to enter Parliament.

COMMENT

¶21. (SBU) Slovenian voters generally view the center-left parties as successors -- albeit once or twice removed -- to the old League of Communists of Slovenia, while the center-right is seen as closely associated with the Catholic Church. True ideology plays a relatively minor role in Slovenian politics. In a country of two million, where there are probably no more than three degrees of separation between any randomly-selected pair of Slovenians, personality is far more important than politics. Thus the way the Patria scandal plays out over the next ten days will be an important factor in determining who will win the fight for the relative victory in this election: SDS with PM Janez Jansa or SD with leader of opposition Borut Pahor.

¶22. (SBU) Although it is very likely that Jansa and SDS will receive a plurality of votes on September 21, he will have difficulty forming a coalition. As a group, the left-of-center parties - SD, Zares and LDS - are likely to get a majority in the parliament. That would create a dilemma for President Tuerk, who must nominate the candidate for the Prime Minister. Although the political tradition in Slovenia is that the President nominates the Prime Minister from the party that is the relative winner in election, the law does not require him to do so. President Tuerk has indicated that he is keeping his options open.

¶23. (SBU) We doubt that September 21 will be decisive in determining Slovenia's next government. The real struggle will begin on September 22, when the parties begin coalition negotiations. Once the talks start, we expect that party platforms and principles will take a back seat to political expediency. If Jansa gets the nod to form a government, he will try to negotiate a coalition with the right-of-center parties plus at least one of the current opposition parties, most likely Zares or perhaps LDS. SDS is even flirting with the idea of inviting Jelincic's nationalists to join a coalition. A second possibility is that the President would give the mandate to the (likely) second-place Social Democrats, as the party most likely to be able to form a coalition.

¶24. (SBU) The third possibility, a grand coalition between Jansa's SDS and Pahor's SD, has faded in recent weeks as both sides have repeatedly ruled out the possibility. We have also heard suggestions that President Tuerk might give the mandate to Zares -- a party that could easily form a coalition with either of the two larger parties -- if it finishes in a strong third place; and that Jelincic's nationalists could challenge Zares for third place. We would put either outcome in the category of "possible surprises."

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